



## Washington State Liquor Control Board

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### **Liquor Control Board Interim Policy #09-2009**

**Subject:** Making changes to the Washington State Label Approval Program and the process for Fortified Wine tax collection

**Effective Date:** August 19, 2009

**Ending Date:** Until superseded by rule or rescinded by the Board

**Approved:** \_\_\_\_\_ **Signed 8/19/2009**

Sharon Foster, Board Chairman

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Ruthann Kurose, Board Member

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#### **BACKGROUND**

During the Washington State Liquor Control Board's priorities in government exercise, the Licensing and Regulation Division identified "label approval" as a task or work process that could potentially be eliminated due to the federal Certificate of Approval wine and beer label approval process that already exists. Complaints could still be received about labels or packaging, but would be sent to Enforcement for determination of a violation.

State law does not require that the Licensing and Regulation Division review and approve all beer and wine labels, but does outline requirements for elements to be included on labels.

#### **PURPOSE STATEMENT**

Because two positions were cut in the Licensing Division Non-Retail Licensing Program and federal label approval exists for beer and wine, this policy ends the state label and packaging approval process and accepts federal Certificate of Label Approval (COLA) as state approval for beer and wine labels and packaging. Rules will be promulgated to change the process to acceptance of the COLA as adequate approval. Complaints can still be received by the agency and investigated if allegations that non-COLA approved beer and wine are being sold.

#### **FORTIFIED WINE TAXATION (RCW 66.24.210(4))**

RCW 66.24.210(4) imposes a higher tax on fortified wine. Currently, the agency uses the Label Approval Web site to track production of wines over 14 percent alcohol by volume due to natural aging (not fortified). This policy proposes to change the tracking of non-fortified higher-alcohol wine to one of tracking actual fortified wine produced to assess the higher tax rate, and to adopt rules making this change.

#### **POLICY STATEMENT**

The WSLCB permits the federal Certificate of Label Approval (COLA) as approval for beer and wine to be sold in the state of Washington and the label approval program to cease approving labels. Labels and information that is in the Price Posting system will remain in the system, although the link for external customers to post labels will be removed from the agency external Web site.

The Board also approves changing the exception to fortified wine information collected by Finance to instead collect information on producers of fortified wine for taxation purposes.

#### **POLICY DURATION**

This interim policy will be effective upon Board adoption and will stay in effect until superseded by rule or rescinded by the Board.

#### **WACS TO BE CHANGED OR UPDATED**

314-24-040 Wine Labels – Certificate of label approval required – Labels to be submitted  
314-20-050 Alcoholic content  
314-24-080 Containers – Sizes and types permitted  
314-24-090 Wine labels  
314-20-020 Beer labels  
314-20-030 Packages

#### **POLICY IMPLEMENTATION**

Upon approval and signature of the Washington State Liquor Control Board.

#### **ATTACHMENTS**

1. Label Approval Issue Paper presented to the Board on August 19, 2009
2. Related Beer/Wine RCW and WAC List